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China Leason CBM & Shale Gas Group Company Limited
中國聯盛煤層氣頁岩氣產業集團有限公司
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 08270)

INSIDE INFORMATION
FURTHER ANNOUNCEMENT IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND
EARLY REDEMPTION OF NOTES DUE 2015
AND
RESUMPTION OF TRADING

This announcement is made by China Leason CBM & Shale Gas Group Company Limited (the “**Company**”) pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 15 May 2014 in relation to, among others, subscription of new Shares under Refreshed General Mandate and early redemption of Notes (the “**Announcement**”). Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement.

SUPPLEMENTAL DEEDS TO THE SUBSCRIPTION AGREEMENTS

On 15 May 2014 (after trading hours), the Company and the Subscribers entered into separate and independent Subscription Agreements, pursuant to which, the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 190,220,000 Subscription Shares at a price of HK\$0.305 per Subscription Share (the “**Previous Subscription Price**”).

In the evening of 21 May 2014, the Company became aware of an inadvertent mistake relating to the calculation of average closing price for the 5 consecutive trading days immediately prior to the date of the Subscription Agreements. As a result, the Previous Subscription Price actually represented a discount of more than 20% from the average closing price for the 5 consecutive trading days immediately prior to the date of the Subscription Agreements such that the Subscription Shares cannot be issued under a general mandate pursuant to the GEM Listing Rules.

In light of the aforesaid, on 22 May 2014, the Company and the Subscribers entered into separate and independent supplemental deeds to the Subscription Agreements (the “**Supplemental Deeds**”) pursuant to which, the Previous Subscription Price is amended to HK\$0.311 (the “**Amended Subscription Price**”), which represents:—

- (i) a discount of approximately 17.07% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;

- (ii) a discount of approximately 19.85% to the average closing price of HK\$0.388 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of the Subscription Agreements; and
- (iii) a discount of approximately 23.02% to the average closing price of HK\$0.404 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of the Subscription Agreements.

The total number of Subscription Shares remains to be 190,220,000 and there is no change in the number of Subscription Shares subscribed by each of the Subscribers. The gross proceeds arising from the subscription by the Subscribers of the Subscription Shares pursuant to the Subscription Agreements (as amended by the Supplemental Deeds) (the “**Subscription**”) will be increased to HK\$59,158,420 and the net proceeds arising from the Subscription will amount to approximately HK\$58,241,000. Such net proceeds arising from the Subscription will still be used for redeeming the Notes issued by the Company to the Noteholders in full (including the settlement of the interests accrued to the Subscribers for redemption of Notes pursuant to the Instrument) and applied as general working capital. After deduction of relevant expenses of Subscription, the net Amended Subscription Price per Subscription Share is approximately HK\$0.306.

The reason for the entering into of the Supplemental Deeds is to rectify the previous inadvertent mistake as explained in the aforesaid as agreed by the Company and the Subscribers. There has been no brand new negotiation on the terms of the Subscription Agreements. The Supplemental Deeds are not new agreements to supersede the Subscription Agreements and they serve as supplemental agreements to amend the Previous Subscription Price. The Subscription Agreements have not been terminated and save for the Amended Subscription Price, the remaining terms and conditions of each of the Subscription Agreements shall remain in full force and effect.

ADDITIONAL INFORMATION ON THE SUBSCRIBERS

Upon Completion, the Subscription Shares will be subscribed by the following Subscribers each of whom, to the best knowledge and belief of the Directors, having made all reasonable enquiries, is an Independent Third Party:—

Name of the Subscribers	Number of Shares to be subscribed under the Subscription Agreements
GAO He Lin (高鶴林)	45,960,000
GUO Jian Hua (郭建華)	39,970,000
LI Dian Gang (李殿剛)	12,170,000
GAO En Li (高恩麗)	5,090,000
QIN Yi (秦毅)	45,960,000
DONG Shu Long (董書龍)	9,070,000
ZHANG Mo (張茉)	32,000,000

BACKGROUND FOR SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND EARLY REDEMPTION OF NOTES

At the time the Company issued the Notes, the Company was undergoing the Capital Reorganisation which involved share consolidation and capital reduction, where the issued share capital and the price per Share traded on the Stock Exchange would also be changed. The Board has considered that the special resolutions approved by the Shareholders on 9 April 2014 concerning the capital reduction as set out in the notice of the extraordinary general meeting of the Company dated 17 March 2014 (the “**Notice**”) may have restrictions on the Company to issue new Shares to raise fund before completion of the Capital Reorganisation. The special resolutions did not cater for the capital reduction of any new shares to be issued after the date of the Notice to the completion date of the Capital Reorganisation, other than any Shares to be issued upon exercise of any share options granted under the share option scheme of the Company. Hence, the Board considered the issue of Notes to be a better option to the Company to raise capital before the completion of Capital Reorganisation at that time.

When the Notes were issued, the Board did not have any concrete plan or timetable to early redeem the Notes, and did not have any intention or discussion with the Noteholders to redeem the Notes shortly after the completion of the Capital Reorganisation. Meanwhile, the Company has re-assessed the practicability of issue of new Shares under the refreshed general mandate granted to the Directors on 17 March 2014 after the Change of Domicile and completion of the Capital Reorganisation. It was only until the Capital Reorganisation was completed on 12 May 2014, the Company then began to negotiate with the Noteholders on the possibility of early redemption of Notes and the Subscription of new Shares. With a view to strengthen the Company’s capital base and enhance its liquidity position for future business development and to save finance costs by early redemption of the Notes, the Company entered into the Subscription Agreements with the Subscribers for the Subscription and the Directors consider the Subscription is in the interests of the Company and the Shareholders as a whole.

Completion of the Subscription is subject to the satisfaction of the conditions precedent under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN THE SHARES ON GEM

At the request of the Company, trading in the Shares (stock code: 08387) on GEM has been halted with effect from 9:00 a.m. on Thursday, 22 May 2014 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares (stock code: 08387) on GEM with effect from 9:00 a.m. on Friday, 23 May 2014.

By Order of the Board
China Leason CBM & Shale Gas Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 22 May 2014

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang and Mr. Fu Shou Gang, the non-executive Director is Mr. Kwok Shun Tim, and the independent non-executive Directors are Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.